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11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12 **COMMISSIONERS**

13 LEA MÁRQUEZ PETERSON, Chairman
14 SANDRA D. KENNEDY
15 JUSTIN OLSON
16 ANNA TOVAR
17 JIM O'CONNOR

18 IN THE MATTER OF THE APPLICATION) DOCKET NO. E-01345A-19-0236
19 OF ARIZONA PUBLIC SERVICE)
20 COMPANY FOR A HEARING TO)
21 DETERMINE THE FAIR VALUE OF THE) **NAVAJO NATION'S SUMMARY OF**
22 UTILITY PROPERTY OF THE COMPANY) **TESTIMONY**
23 FOR RATEMAKING PURPOSES, TO FIX A)
24 JUST AND REASONABLE RATE OF)
25 RETURN THEREON, TO APPROVE RATE)
26 SCHEDULES DESIGNED TO DEVELOP)
27 SUCH RETURN)

28 Pursuant to the December 17, 2020 Procedural Order filed in this Docket, the Navajo Nation
29 ("Nation") hereby provides the following witness summary for the testimony filed by President
30 Jonathan Nez:

31 Direct Testimony:

32 Jonathan Nez is the President of the Navajo Nation. Through President Nez's direct testimony, the
33 Nation proposes (1) the establishment of an Arizona Corporation Commission ("Commission")-
34 regulated process governing Arizona utility coal plant closures; (2) the establishment of financial and
35 in-kind transition aid for coal-impacted communities including the Nation; and (3) coordination

1 between coal-impacted communities like the Nation, Arizona utilities. and the Commission on local
2 economic diversification efforts. To effectuate these goals, President Nez and the Nation recommend
3 that:

- 4 • Arizona Public Service Company ("APS") commit in this rate case to provide at least \$193.2
5 million in direct financial transition aid to Navajo communities to mitigate the impact of coal
6 plant closures.
- 7 • The Commission develop rules requiring utilities to provide coal-impacted communities
8 advance notice of power plant shutdowns and facilitate the creation of a Just Transition
9 Council.
- 10 • The Commission, APS, and the Nation establish a process to promote development of
11 renewable energy projects on the Nation.
- 12 • APS increase electrification assistance and invest in local water access on the Nation.
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15 Surrebuttal Testimony:

16 Between the time of President Nez's October 2020 testimony and his December 2020 surrebuttal
17 testimony, APS and the Nation negotiated an agreement regarding the coal-community transition
18 ("CCT") issue. Under the agreement:

- 19 • APS shall provide a \$100 million CCT financial commitment to the Nation, which shall be
20 paid over 10 years beginning in 2021. APS shall recover this CCT financial commitment
21 through a dedicated cost-recovery mechanism, subject to Commission approval. To the extent
22 that cost recovery is not approved in full, or is otherwise reduced, impaired, or eliminated by
23 the Commission, APS's CCT financial commitment shall be reduced or eliminated
24 accordingly. However, if the Commission does not approve cost-recovery or authorizes
25 recovery of a reduced amount, APS shall continue to work with the Nation to secure full
26 funding through a cost-recovery mechanism in future proceedings, or through another cost
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1 recovery method to be approved by the Commission in a future proceeding or through
2 securitization.

- 3 • APS shall submit a proposal to the Commission to modify APS's distribution line extension
4 policy within the Nation, such that APS distribution lines can be extended up to 2,000 feet
5 within the Nation at no cost to APS's Navajo customers. If a line extension policy longer than
6 2,000 feet would have a greater impact on the ability to electrify homes, APS and the Nation
7 will work to identify a longer line extension threshold and will seek Commission approval of
8 that updated line extension policy.
9
- 10 • APS also will:
 - 11 ○ Conduct or pay for a census of unelectrified homes and businesses in the APS service
12 territory within the Nation, to be completed within one year after execution of a final
13 and definitive CCT agreement,
 - 14 ○ Prepare an assessment, to be submitted to the Commission and the Nation, regarding
15 the effectiveness of the 2,000 feet extension to APS's distribution line extension policy
16 (described above), and
 - 17 ○ Commit an additional \$10 million (split 50/50 between APS shareholder contributions
18 and a dedicated Commission-approved recovery mechanism) towards additional home
19 and business electrification within the Nation.
- 20 • To the extent authorized by the Commission, APS shall: (1) seek and solicit one or more
21 location-targeted proposals to procure at least 250 MW of renewable electricity generation
22 capacity to be constructed within the Nation and to deliver electricity to APS customers over
23 the next 24 months, and (2) seek and solicit one or more additional location targeted proposals,
24 over the 12 months following the final retirement of Four Corners Power Plant ("FCPP"),
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1 seeking the addition of at least 350 MW of renewable electricity generation capacity sited
2 within the Nation or neighboring communities and to deliver electricity to APS customers.

- 3
- 4 • For purposes of transmission line development to support the delivery of renewable energy
5 from new APS renewable generation procurement in and around the Nation, APS
6 shareholders shall contribute \$2.5 million per year to the Nation during the time period from
7 when FCPP permanently retires (or 2032, whichever is earlier) and ending at the end of 2038.
 - 8 • No later than two years prior to the permanent retirement of FCPP, APS shareholders shall
9 contribute \$1.25 million to a Navajo economic development organization. APS's \$1.25
10 million commitment shall be paid to such designated Navajo economic development
11 organization in five equal annual payments of \$250,000.
 - 12 • APS shall support the Nation's pursuit of water rights from the San Juan River that are
13 currently associated with FCPP and San Juan Generating Station.
 - 14 • APS will support the Nation and other coalitions who seek to secure federal, state, or other
15 funding for CCT assistance, as requested. APS shall support and encourage the other FCPP
16 co-owners to participate in making similar CCT commitments of support.
 - 17 • APS shall prepare job re-deployment offers within the APS organization to all APS Navajo
18 employees at the Cholla Power Plant and FCPP at least six months prior to the closure of each
19 plant respectively.
20
21

22 Dated this 6th day of January, 2021.

23 THE NAVAJO NATION

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CERTIFICATE OF SERVICE

ORIGINAL electronically filed this 6th day of January 2020 with:

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Copy of the foregoing delivered this same day to all parties listed on the attached service list.



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